



Ninety-Eighth Legislature - First Session - 2003  
**Introducer's Statement of Intent**  
**LB 334**

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**Chairperson:** Mark Quandahl  
**Committee:** Banking, Commerce and Insurance  
**Date of Hearing:** February 24, 2003

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 334 would require that health insurers pay claims submitted by health care providers on a timely basis. Nebraska's hospitals, physicians, dentists, and other health care providers have experienced problems when some health insurers have failed to process and pay claims within a reasonable time after they have been submitted. This practice adversely affects the providers' cash flow and overall business operations. Because of similar problems, other states have enacted prompt-payment laws and Nebraska is one of only three states without such legislation.

LB 334 would establish the Health Care Prompt Payment Act. Section 2 defines the terms "insurer," "clean claim," and "unfair payment pattern." Section 3 establishes when a claim is deemed to be received by an insurer, depending upon whether it is submitted electronically.

Under section 4, covered insurers would be required to pay each clean claim submitted or identify the additional information which is necessary to determine whether the claim will be reimbursed. If an insurer fails to pay a clean claim within 30 days of receipt or take other required action within the times specified, section 5 requires that the insurer pay interest at a rate of 12% on the amount ultimately allowed on the claim. In addition, section 5 also requires an insurer to pay a late fee in an amount of 10% of the claim for any claim not paid within 90 days of receipt by the insurer. Section 6 provides that these requirements also apply if an insurer delegates its claims processing functions to a third party.

Sections 7 and 8 would add "engaging in an unfair payment pattern" to types of conduct prohibited by the Unfair Insurance Claims Settlement Practices Act and would allow an insured, the insured's representative and insured's provider to submit claims of unfair payment practices.

Section 9 directs the Director of Insurance to adopt regulations to implement the Health Care Prompt Payment Act.

**Principal Introducer:**

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**Senator Bob Kremer**